

# Attack on Galbraith By GOP Condemned

CPYRGHT By J. A. Livingston

STATINTL

"WE'LL, NO DOUBT, talk about them. And we'll probably have a good laugh. But I don't know whether we'll go further."

That was the answer of John D. Black, president of the American Economic Association and a professor of economics at Harvard University, to my long-distance question:

"Will the executive committee of the American Economic Association take official notice of the innuendoes uttered against John Kenneth Galbraith, Harvard economist, by Leonard Hall, chairman of the Republican National Committee, and Sen. Homer Capehart (R-Ind.)?"



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Hall and Capehart left a skein of words suggesting that Galbraith was "soft" toward communism—a suggestion rejected by Black, Simon Kuznets, former president of the AEA and a professor at Johns Hopkins, and Ralph J. Watkins, president of the American Statistical Association and director of research of Dun & Bradstreet, as "absurd."

Galbraith's sin was to appear as a witness at the stock market inquiry of the Senate Banking and Currency Committee, chaired by J. William Fulbright (D-Ark.). He warned that current optimism bore certain resemblances to 1929. That same day, stock prices fell. Hall then foisted on Galbraith guilt by quotation.

Early in 1952, Galbraith published "American Capitalism: the Concept of Countervailing Power," a book described by Business Week magazine as "brilliant and provocative, witty, irreverent, and utterly merciless in the way it deals with much-loved theories of some of Galbraith's fellow economists."

GALBRAITH'S thesis is this: The American economy has changed. We don't have thousands of buyers and sellers. We don't have competition in the classical sense. We have big steel companies selling to big automobile or machinery companies; we have big grocery chains dickering with big meat packers and canners; we have big labor unions using countervailing power in bargaining with big auto, rubber, steel, and publishing companies. We have farmers in politics fighting for

their share of American plenty. Business keeps bigness in place. David McCord Wright, on leave from the University of Virginia to Oxford University, England, on a Fulbright grant, challenged Galbraith's thesis at the annual meeting of the American Economic Association in December, 1953. He argued that we have to rely in the United States on old-fashioned competition to protect producers and consumers. We need enforcement of antitrust laws.

Countervailing power represents "right wing thought"—inflexible stalemate between giant forces. Businessmen should not "cut their own throats" by accepting this persuasive theory. To stop competing would invite economic stagnation.

Concluded Wright: "Albeit quite possibly unconsciously, I should judge Dr. Galbraith one of the most effective enemies of both capitalism and democracy."

HALL LIGHTED on that sentence. He said: "That was the kind of 'expert' that was put on the witness stand" by the Fulbright Committee.

Capehart took up where Hall left off. He quoted two passages from a Galbraith pamphlet on the Marshall Plan, written in 1949. Galbraith argued that communism has a strong appeal to some Europeans. Americans must not underestimate the enemy. To Capehart, acknowledgment of the strength of communism was evidence of "softness" toward communism.

Notre Dame University, in Senator Capehart's own state, didn't see it that way. Galbraith was invited to lecture, and the lecture, under the title, "European Recovery, the Larger View," was published under the

Notre Dame imprimatur in 1950. This is a problem for President Eisenhower. He cannot control Senator Capehart. But he ought to be able to influence the chairman of the Republican Party.

A distinguished economist publishes a book. A fellow economist criticizes it. The criticism is taken out of context—out of the setting of a learned society discussion. And the publisher, who is an honest witness is

That's worse than dirty politics. That's dirty ethics.